

## Message Text

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PAGE 01 KUALA 07884 280853Z  
ACTION EA-12

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05  
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-09  
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 /130 W  
-----118465 290518Z /15

R 280813Z JUL 78  
FM AMEMBASSY KUALA LUMPUR  
TO SECSTATE WASHDC 6915  
INFO AMEMBASSY JAKARTA  
AMEMBASSY SINGAPORE  
AMEMBASSY TOKYO

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E.O.11652: N/A  
TAGS: ENRG, BENC, MY  
SUBJECT: BINTULU LNG PROJECT

REF: KUALA LUMPUR 6250 (NOTAL)

1. REPRESENTATIVES OF AMERICAN ENGINEERING AND CONSTRUCTION FIRMS FLUOR AND PULLMAN-KELLOG HAVE RECENTLY BEEN IN CONTACT WITH THE EMBASSY CONCERNING THE BINTULU LIQUIFIED NATURAL GAS PROJECT. BOTH FIRMS ARE CONVINCED THAT PETRONAS AND SHELL WILL ANNOUNCE THE FURTHER SHORT LISTING OF POTENTIAL FIRMS FOR THE PROJECT TO THREE BY AUGUST 1. PETRONAS HAS INFORMED ALL SIX CONTENDERS (SEE REFTEL) THAT THEY MUST HAVE SOME FORM OF JAPANESE PARTICIPATION AS JAPAN WILL BE BUYING MOST IF NOT ALL OF THE PNG PRODUCED BY THE PROJECT. THIS STIPULATION DID NOT SEEM TO BE OBJECTIONABLE TO EITHER FIRM WE TALKED WITH. THE THREE SELECTED FIRMS WILL THEN HAVE TO PUT TOGETHER LUMP SUM BIDS FOR THE PROJECT. THEY WILL INITIALLY BE PROVIDED WITH TECHNICAL SPECIFICATIONS AND WILL BE PROVIDED COMMERCIAL SPECIFICATIONS AT A LATER DATE WHEN THEY BECOME AVAILABLE.

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THE COMPANIES WILL NOT BE REIMBURSED FOR THE PREPARATION OF THE BIDS, AS ORIGINALLY THOUGHT.

2. PULLMAN-KELLOG WAS FAIRLY OPTIMISTIC ABOUT THEIR CHANCES OF OBTAINING THE CONTRACT AFTER THEIR MEETINGS WITH PETRONAS AND SHELL AND FEEL THAT THEY HAVE EVERYTHING IN LINE TO MAKE A GOOD PROPOSAL. IN A MEETING WITH THE AMBASSADOR AND OTHER EMBASSY

OFFICERS, THEY MENTIONED THAT PETRONAS HAD BROUGHT UP THE ISSUE THAT THEY WOULD LIKE ALL CONTRACTORS TO BID THE JOB ON A STRAIGHT COST BASIS AND ON A COST PLUS CONTRACTOR ARRANGED FINANCIAL PACKAGE. APPARENTLY PETRONAS IS SHOPPING FOR THE BEST FINANCIAL PACKAGE IT CAN OBTAIN AND WANTS TO SEE IF THE MAJOR CONTRACTORS CAN ARRANGE BETTER TERMS THAN THEY CAN.

3. FLUOR ON THE OTHER HAND HAS DECIDED NOT TO BID ON THE PROJECT AND HAS SO INFORMED PETRONAS, ACCORDING TO LOCAL FLUOR REP RICHARD TANERSLY. ACCORDING TO TANKERSLY, FLUOR IS NOT COMFORTABLE WITH THE LUMP SUM PROVISION THAT PETRONAS IS INSISTING ON AND WITH THE FACT THAT THEY WOULD HAVE TO PUT NUMEROUS PERSONNEL TO WORK ON A BID IMMEDIATELY WITHOUT ALL OF THE SPECIFICATIONS AND MAY HAVE TO BACK OUT AT A LATER DATE BECAUSE OF SPECIFICATIONS THAT THEY COULD NOT LIVE WITH. FOR THOSE REASONS FLUOR MANAGEMENT FELT THAT THEY SHOULD BACK OUT NOW RATHER THAN STRING PETRONAS ALONG AND LOSE ANY CHANCE OF WINNING FUTURE CONTRACTS IN THE COUNTRY. IT SHOULD BE POINTED OUT THAT THIS DECISION CAME AFTER FLUOR HAD GONE TO CONSIDERABLE EXPENSE IN OPENING UP A LOCAL OFFICE AND BRINGING IN EXPATRIATE STAFF TO PERSON IT. FLUOR DOES INTEND, HOWEVER, TO STAY ACTIVE IN CHASING OTHER CONTRACTS ON THE LOCAL SCENE, SUCH AS THE PROPOSED PETRONAS REFINERY.

4. COMMENT: WE FULLY EXPECT PETRONAS TO ANNOUNCE THE SHORT LIMITED OFFICIAL USE

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LIST SOON AND WOULD BE VERY SURPRISED IF THERE IS NO AMERICAN FIRM PARTICIPATING IN IT IN SOME WAY. THE LEADING CONTENDERS FOR THE PROJECT AT PRESENT WOULD SEEM TO BE PROCON-JAPANESE GASOLINE CORP., PULLMAN-KELLOG AND LUMMUS OF THE COMBUSTION ENGINEERING GROUP.  
MILLER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LPG, PROGRAMS (PROJECTS)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
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**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780311-0513  
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**Litigation History:**  
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**Message ID:** c937c06a-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Classification:** LIMITED OFFICIAL USE  
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**Reference:** 78 KUALA LUMPUR 6250  
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**Review Content Flags:**  
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**Review Event:**  
**Review Exemptions:** n/a  
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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1845030  
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**Status:** NATIVE  
**Subject:** BINTULU LNG PROJECT  
**TAGS:** ENRG, BENC, MY  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
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